

IRS News Release

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Modernized e-File Available for Partnership Returns

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WASHINGTON — Beginning today, partnership taxpayers can electronically file tax year 2006 Form 1065, U.S. Return of Partnership Income, and Form 1065-B, U.S. Return of Income for Electing Large Partnerships, using the Modernized e-File platform.

“Electronic filing is a key component to modernizing our tax system,” IRS Commissioner Mark W. Everson said. “E-File improves the speed and accuracy of tax return filing, and we encourage partnership taxpayers to take advantage of this enhanced system.”

Since tax year 1986, the IRS has offered electronic filing of Form 1065. The existing 1065 e-File platform uses a proprietary data transmission format. However, the Modernized e-File platform uses the Extensible Markup Language (XML) format, which is an industry-standard method of identifying, storing and transmitting data. Both e-File platforms offer improved speed and accuracy of tax return filing. But Modernized e-File offers additional benefits, including transactional processing instead of batch processing, allowance for binary file attachments, elimination of the duplicate filing of International returns and a federal/state partnership program.

The IRS anticipates more than 400,000 partnerships will e-File in 2007. Most of those partnerships are not mandated to e-File but are encouraged to do so for the e-Filing benefits.

For tax year 2006, partnerships have the option to e-File Form 1065 through the Modernized e-File system or the existing 1065 e-File system. However, e-File for Form 1065-B is available solely through Modernized e-File. Partnership taxpayers should talk with their software provider or transmitter to determine which e-File platform to use. Beginning in January 2008, Modernized e-File will be the only e-File platform available to e-File partnership returns. At that time, the IRS will also require e-File for all 1065-B returns.

Partnership taxpayers can access detailed information about the Form 1065 e-File process and receive answers to their questions on IRS.gov. Start by clicking on the “e-File” logo on the IRS.gov homepage, then on “e-File for Business and Self-Employed Taxpayers” and then on “Modernized e-file (MeF) for Partnerships.”